(b) National Hydro-electric Power Corporation (NHPC) signed a Memorandum of Understanding (MOU) with the French Consortium on 29-6-1994 which envisages withdrawal of the french civil works contractor and continuation of the remaining four French members of the Consortium with their obligations.

(c) Consequent to the revised completion programme envisaged in the MOU, there will be an additional expenditure of Rs. 282 crores. This includes the cost to be paid by NHPC on account of taking over the construction plant and machinery and other materials from the French civil contractor.

(d) and (e) The security arrangements at the project site are being strengthened with a view to ensuring expeditious completion of the project.

Cost of power projects

1058. SHRI N. GIRI PRASAD:
SHRI CHATURANAN MISHRA:

Will the Minister of POWER be pleased to state:

(a) whether it is a fact that the cost of power projects approved by the Cabinet Committee for Foreign Investments is unreasonably high as well as arbitrary;

(b) if so, what is the reaction of Government thereto; and

(c) what are the comparative cost of World Bank and Asian Development Bank funded power projects in the country?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P.V. RANGAYYA NAIDU): (a) Cabinet Committee on Foreign Investment does not approve the cost of power projects. Cost estimates of power projects (costing more than Rs. 100 crores) are examined and approved by the Central Electricity Authority (CEA) at the time of techno-economic clearance of projects.

(b) and (c) Do not arise.

Counter Guarantees to foreign power companies

1059. SHRI K. R. MALKANI: Will the Minister of POWER be pleased to state:

(a) whether Government's attention has been drawn to the newsitem appearing in the Poineer of 18th November, 1994 referring to a statement by the Dabhol Power Company that it had never insited on counter-guarantees;

(b) if so, the reasons for extending counter guarantees to DPC and other foreign power companies; and

(c) whether Government would consider deletion of counter-guarantee clause from the agreement being negotiated with foreign Power Companies?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU): (a) Yes, Sir. The Dabhol Power Company has, however, intimated that the statement attributed to it does not represent facts.

(b) The counter guarantee is being extended by the Government of India to ensure payment obligation to the private generating companies in respect of 8 initial projects cleared from foreign investment angle to instil confidence amongst prospective private investors and at the instance of financial institutions supporting the project. The counter guarantee is envisaged as a transitional measure.

(c) Does not arise.